

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that Engrossed Senate Bill 355 be amended to read as follows:

- 1 Page 1, between lines 9 and 10, begin a new paragraph and insert:
- 2 "SECTION 2. IC 6-1.1-12-18 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) If the
- 4 assessed value of residential real property described in subsection (d)
- 5 is increased because ~~it~~ **the property** has been rehabilitated, the owner
- 6 may have deducted from the assessed value of the property an amount
- 7 not to exceed the lesser of:
- 8 (1) the total increase in assessed value resulting from the
- 9 rehabilitation; or
- 10 (2) eighteen thousand seven hundred twenty dollars (\$18,720) per
- 11 rehabilitated dwelling unit.
- 12 The owner is entitled to this deduction annually for a five (5) year
- 13 period.
- 14 (b) For purposes of this section, the term "rehabilitation" means
- 15 ~~significant~~ repairs, replacements, **remodelings, additions, or other**
- 16 improvements to an existing structure ~~which are intended to that~~
- 17 increase the ~~livability, utility, safety, or~~ value of the property. ~~under~~
- 18 ~~rules adopted by the department of local government finance.~~
- 19 (c) For the purposes of this section, the term "owner" or "property
- 20 owner" includes any person who has the legal obligation, or has
- 21 otherwise assumed the obligation, to pay the real property taxes on the
- 22 rehabilitated property.
- 23 (d) The deduction provided by this section applies only for the
- 24 rehabilitation of residential real property which is located within this
- 25 state and which is described in one (1) of the following classifications:

(1) a single family dwelling if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed thirty-seven thousand four hundred forty dollars (\$37,440);

(2) a two (2) family dwelling if before rehabilitation the assessed value (excluding exemptions or deductions) of the improvements does not exceed forty-nine thousand nine hundred twenty dollars (\$49,920); and

(3) a dwelling with more than two (2) family units if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed eighteen thousand seven hundred twenty dollars (\$18,720) per dwelling unit.

(e) If an assessed value increase referred to in subsection (a) is attributable to both rehabilitation and:

(1) a general reassessment of real property under IC 6-1.1-4-4; or

(2) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5;

the township assessor shall determine the amount of the increase attributable to rehabilitation to determine the deduction provided by this section. In making the determination under this subsection, the township assessor shall consider any information contained in the application under section 20(e) of this chapter.

SECTION 3. IC 6-1.1-12-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. **(a) Except as provided in subsection (b), the deduction from assessed value provided by section 18 of this chapter is first available in the year in which the increase in assessed value resulting from the rehabilitation occurs and ~~shall continue~~ continues for each of the immediately following four (4) years in the sixth (6th) year; the county auditor shall add the amount of the deduction to the assessed value of the real property which the property owner remains the owner of the property as of the assessment date.**

(b) Subject to subsection (c), a property owner may:

(1) in a year after the year referred to in subsection (a) in which a deduction is first available, obtain a deduction that:

(A) would otherwise first apply for the assessment date in 2006 or a later year; and

(B) was not made to the assessed value for any year; or

(2) obtain a deduction that:

(A) would otherwise have first applied for the assessment date in 2005 or an earlier year; and

(B) was not made to the assessed value for any year.

If the property owner obtains a deduction under this subsection, the deduction applies in the year for which the application is filed and continues for each of the immediately following four (4) years

1 in which the property owner remains the owner of the property as
2 of the assessment date.

3 (c) Subsection (b) applies in a county only if the county fiscal
4 body adopts an ordinance to authorize the application of subsection
5 (b) in the county.

6 (d) A general reassessment of real property which occurs within the
7 five (5) year period of the deduction does not affect the amount of the
8 deduction.

9 (e) Claiming of a deduction under subsection (b) results in a
10 reduction of the property tax collections of each political
11 subdivision in which the deduction is claimed. A political
12 subdivision may not increase its property tax levy to make up for
13 that reduction.

14 (f) The county auditor shall in each calendar year notify each
15 political subdivision in which the deduction under subsection (b) is
16 claimed of the reduction referred to in subsection (e) for the
17 political subdivision for that year.

18 SECTION 4. IC 6-1.1-12-20 IS AMENDED TO READ AS
19 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) A property
20 owner who desires to obtain the deduction provided by section 18 of
21 this chapter must file a certified deduction application, on forms
22 prescribed by the department of local government finance, with the
23 auditor of the county in which the rehabilitated property is located. The
24 application may be filed in person or by mail. If mailed, the mailing
25 must be postmarked on or before the last day for filing. Except as
26 provided in subsection (b) or (c), the application must be filed before
27 ~~May 10~~ **June 11** of the year in which the addition to assessed value is
28 made.

29 (b) If notice of the addition to assessed value for any year is not
30 given to the property owner before ~~April 10~~ **May 11** of that year, the
31 application required by ~~this section~~ **subsection (a)** may be filed not
32 later than thirty (30) days after the date ~~such a~~ **the** notice is mailed to
33 the property owner at the address shown on the records of the ~~township~~
34 assessor.

35 (c) **An application for a deduction referred to in section 19(b) of**
36 **this chapter with respect to an assessment date must be filed before**
37 **the June 11 that next follows the assessment date.**

38 ~~(c)~~ (d) The application required by this section shall contain the
39 following information:

- 40 (1) A description of the property for which a deduction is claimed
41 in sufficient detail to afford identification.
- 42 (2) Statements of the ownership of the property.
- 43 (3) The assessed value of the improvements on the property before
44 rehabilitation.
- 45 (4) The number of dwelling units on the property.
- 46 (5) The number of dwelling units rehabilitated.
- 47 (6) The increase in assessed value resulting from the

1 rehabilitation. ~~and~~

2 (7) The amount of deduction claimed.

3 **(e) The application required by this section may contain**
 4 **information to assist the township assessor in making the**
 5 **determination under section 18(e) of this chapter, including:**

6 **(1) fair market value appraisals before and after the**
 7 **rehabilitation; and**

8 **(2) general market data on the extent to which particular**
 9 **types of rehabilitation add to the value of a dwelling.**

10 ~~(d)~~ **(f)** A deduction application filed under this section is applicable
 11 for:

12 **(1) the year in for which the increase in assessed value occurs**
 13 **deduction application is filed; and for**

14 **(2) each of the immediately following four (4) years in which the**
 15 **property owner remains the owner of the property as of the**
 16 **assessment date;**

17 without any additional application being filed.

18 ~~(e)~~ **(g)** On verification of an application by the assessor ~~of who~~
 19 **serves the township area** in which the property is located, the county
 20 auditor shall make the deduction.

21 SECTION 5. IC 6-1.1-12-22 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) If the
 23 assessed value of property is increased because ~~it~~ **the property** has
 24 been rehabilitated and the owner has paid at least ten thousand dollars
 25 (\$10,000) for the rehabilitation, the owner is entitled to have deducted
 26 from the assessed value of the property an amount equal to fifty percent
 27 (50%) of the increase in assessed value resulting from the rehabilitation.
 28 The owner is entitled to this deduction annually for a five (5) year
 29 period. However, the maximum deduction which a property owner may
 30 receive under this section for a particular year is:

31 **(1) one hundred twenty-four thousand eight hundred dollars**
 32 **(\$124,800) for a single family dwelling unit; or**

33 **(2) three hundred thousand dollars (\$300,000) for any other type**
 34 **of property.**

35 **(b)** For purposes of this section, the term "property" means a
 36 building or structure which was erected at least fifty (50) years before
 37 the date of application for the deduction provided by this section. The
 38 term "property" does not include land.

39 **(c)** For purposes of this section, the term "rehabilitation" means
 40 ~~significant~~ repairs, replacements, **remodelings, additions, or other**
 41 **improvements to an existing structure that are intended to increase the**
 42 **livability, utility, safety, or value of the property. under rules adopted**
 43 **by the department of local government finance.**

44 **(d) If an assessed value increase referred to in subsection (a) is**
 45 **attributable to both rehabilitation and:**

46 **(1) a general reassessment of real property under IC 6-1.1-4-4;**
 47 **or**

(2) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5;
 the township assessor shall determine the amount of the increase attributable to rehabilitation to determine the deduction provided by this section. In making the determination under this subsection, the township assessor shall consider any information contained in the application under section 24(e) of this chapter.

SECTION 6. IC 6-1.1-12-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 23. (a) Except as provided in subsection (b), the deduction from assessed value provided by section 22 of this chapter is first available after the first assessment date following in the year in which the increase in assessed value resulting from the rehabilitation occurs and shall continue continues for the taxes first due and payable in each of the immediately following five (5) four (4) years in the sixth (6th) year; the county auditor shall add the amount of the deduction to the assessed value of the property which the property owner remains the owner of the property as of the assessment date.

(b) Subject to subsection (c), a property owner may:

(1) in a year after the year referred to in subsection (a) in which a deduction is first available, obtain a deduction that:

(A) would otherwise first apply for the assessment date in 2006 or a later year; and

(B) was not made to the assessed value for any year; or

(2) obtain a deduction that:

(A) would otherwise have first applied for the assessment date in 2005 or an earlier year; and

(B) was not made to the assessed value for any year.

If the property owner obtains a deduction under this subsection, the deduction applies in the year for which the application is filed and continues for each of the immediately following four (4) years in which the property owner remains the owner of the property as of the assessment date.

(c) Subsection (b) applies in a county only if the county fiscal body adopts an ordinance to authorize the application of subsection (b) in the county.

(d) Any general reassessment of real property which occurs within the five (5) year period of the deduction does not affect the amount of the deduction.

(e) Claiming of a deduction under subsection (b) results in a reduction of the property tax collections of each political subdivision in which the deduction is claimed. A political subdivision may not increase its property tax levy to make up for that reduction.

(f) The county auditor shall in each calendar year notify each political subdivision in which the deduction under subsection (b) is

claimed of the reduction referred to in subsection (e) for the political subdivision for that year.

SECTION 7. IC 6-1.1-12-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 24. (a) A property owner who desires to obtain the deduction provided by section 22 of this chapter must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsection (b) **or (c)**, the application must be filed before ~~May 10~~ **June 11** of the year in which the addition to assessed ~~valuation~~ **value** is made.

(b) If notice of the addition to assessed ~~valuation~~ **value** for any year is not given to the property owner before ~~April 10~~ **May 11** of that year, the application required by ~~this section~~ **subsection (a)** may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the ~~township~~ assessor.

(c) An application for a deduction referred to in section 23(b) of this chapter with respect to an assessment date must be filed before the June 11 that next follows the assessment date.

~~(c)~~ **(d)** The application required by this section shall contain the following information:

- (1) The name of the property owner.
- (2) A description of the property for which a deduction is claimed in sufficient detail to afford identification.
- (3) The assessed value of the improvements on the property before rehabilitation.
- (4) The increase in the assessed value of improvements resulting from the rehabilitation. ~~and~~
- (5) The amount of deduction claimed.

(e) The application required by this section may contain information to assist the township assessor in making the determination under section 22(d) of this chapter, including:

- (1) fair market value appraisals before and after the rehabilitation; and**
- (2) general market data on the extent to which particular types of rehabilitation add to the value of property.**

~~(d)~~ **(f)** A deduction application filed under this section is applicable for:

- (1) the year in for which the addition to assessed value is made deduction application is filed; and in**
- (2) each of the immediate immediately following four (4) years in which the property owner remains the property owner as of the assessment date;**

without any additional application being filed.

~~(e)~~ (g) On verification of the correctness of an application by the assessor ~~of who serves the township area~~ in which the property is located, the county auditor shall make the deduction.

SECTION 8. IC 6-1.1-12-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 25. For repairs or improvements made to a particular building or structure, a person may receive: ~~either~~

(1) the deduction provided by section 18 of this chapter; ~~or~~

(2) the deduction provided by section 22 of this chapter; ~~He or~~

(3) the credit provided by IC 6-1.1-47.

The person may not receive ~~deductions a tax benefit~~ under ~~both sections more than one (1) of those statutes~~ for the repairs or improvements.

SECTION 9. IC 6-1.1-12.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 6. (a) A property owner may not receive a deduction under this chapter for repairs or improvements to real property if ~~he the owner~~ receives:

(1) a deduction under ~~either~~ IC 6-1.1-12-18 or IC 6-1.1-12-22; ~~or~~

(2) a credit under IC 6-1.1-47;

for those same repairs or improvements.

(b) A property owner may not receive a deduction under this chapter if the property owner receives a deduction under IC 6-1.1-12-28.5 for the same property.

SECTION 10. IC 6-1.1-17-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

(1) information concerning the assessed valuation in the political subdivision for the next calendar year;

(2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance;

(5) information concerning credits applicable under IC 6-1.1-21-5.8 to taxes first due and payable in the next calendar year; and

~~(5)~~ (6) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

- (1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and
- (2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision."

Page 9, between lines 5 and 6, begin a new paragraph and insert:

"SECTION 12. IC 6-1.1-21-5.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.8. (a) The following definitions apply throughout this section:**

(1) "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5.

(2) "Assets":

(A) includes:

- (i) real property, other than the homestead with respect to which a qualifying individual applies for a credit under this section;
- (ii) cash;
- (iii) savings accounts;
- (iv) stocks;
- (v) bonds; and
- (vi) any other investment; and

(B) does not include:

- (i) the cash value of life insurance policies on the life of the qualifying individual or the qualifying individual's spouse; and
- (ii) tangible personal property.

(3) "Fiscal body" has the meaning set forth in IC 36-1-2-6.

(4) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).

(5) "Household income" means the combined adjusted gross income of the qualifying individual and the qualifying individual's spouse.

(6) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statement required in IC 6-1.1-22-8.

(7) "Net worth" means the remainder of:

- (A) the sum of the current market value of all assets; minus
- (B) all outstanding liabilities.

(8) "Qualifying homestead" means a homestead:

- (A) that a qualifying individual:

- 1 (i) owned; or
 2 (ii) assumed liability for the payment of property taxes;
 3 at least five (5) years before the assessment date for the
 4 homestead in the year for which the qualifying individual
 5 wishes to obtain the credit under this section; and
 6 (B) that has an assessed value of not more than one
 7 hundred eighty thousand dollars (\$180,000) as of the
 8 assessment date for the homestead in the year that
 9 immediately precedes the year for which the qualifying
 10 individual wishes to obtain the credit under this section
 11 multiplied by a fraction determined by the department of
 12 local government finance for the county in which the
 13 homestead is located. The numerator of the fraction is the
 14 average homestead assessed value in the county in which
 15 the homestead is located in the year immediately preceding
 16 the year in which the qualifying individual wishes to obtain
 17 the credit under this section, and the denominator of the
 18 fraction is the average homestead assessed value in Marion
 19 County in the year immediately preceding the year in
 20 which the qualifying individual wishes to obtain the credit
 21 under this section.
- 22 (9) "Qualifying individual" means an individual:
 23 (A) who is liable for the payment of property taxes on a
 24 qualifying homestead;
 25 (B) whose adjusted gross income for the individual's most
 26 recent taxable year that ends before the date on which the
 27 claim is filed under subsection (g) is less than seventy-five
 28 thousand dollars (\$75,000); and
 29 (C) who is not married and has a net worth, or has a net
 30 worth in combination with the net worth of the individual's
 31 spouse, of less than two hundred thousand dollars
 32 (\$200,000) as of December 31 of:
 33 (i) with respect to real property, the year that precedes
 34 by two (2) years the year for which the individual wishes
 35 to obtain the credit under this section; and
 36 (ii) with respect to a mobile home that is not assessed as
 37 real property or a manufactured home that is not
 38 assessed as real property, the year that immediately
 39 precedes the year for which the individual wishes to
 40 obtain the credit under this section.
- 41 (10) "Taxable year" has the meaning set forth in IC 6-3-1-16.
 42 (b) The credit provided by this section applies in a county for
 43 property taxes first due and payable in a calendar year only if the
 44 county fiscal body of the county adopts an ordinance to apply the
 45 credit before July 1 of the immediately preceding calendar year. An
 46 ordinance adopted under this subsection may authorize the credit

1 for more than one (1) year.

2 (c) The application of the credit under this chapter results in a
3 reduction of the property tax collections of each political
4 subdivision in which the credit is applied. A political subdivision
5 may not increase its property tax levy to make up for that
6 reduction.

7 (d) The county auditor shall in each calendar year notify each
8 political subdivision in which the credit under this chapter is
9 applied of the reduction referred to in subsection (c) for the
10 political subdivision for that year.

11 (e) Except as provided in subsection (f), each year a qualifying
12 individual in a county in which the credit provided by this section
13 is authorized under subsection (b) may receive a credit against the
14 net property tax bill on the individual's qualifying homestead. The
15 amount of the credit to which a qualifying individual is entitled
16 equals the lesser of two thousand dollars (\$2,000) or the remainder
17 of:

18 (1) the amount of the net property tax bill without the
19 application of the credit provided by this section; minus

20 (2) the following percentage of the qualifying individual's
21 adjusted gross income for the qualifying individual's most
22 recent taxable year that ends before the date on which the
23 claim is filed under subsection (g):

24 (A) Five percent (5%) if the adjusted gross income is less
25 than twenty thousand dollars (\$20,000).

26 (B) Seven percent (7%) if the adjusted gross income is at
27 least twenty thousand dollars (\$20,000) but less than fifty
28 thousand dollars (\$50,000).

29 (C) Nine percent (9%) if the adjusted gross income is at
30 least fifty thousand dollars (\$50,000) but less than
31 seventy-five thousand dollars (\$75,000).

32 The amount of the credit provided by this section may not be less
33 than zero (0).

34 (f) If the qualifying individual resides in the qualifying
35 homestead with the qualifying individual's spouse, those
36 individuals are together entitled to one (1) credit under this section
37 for the qualifying homestead. The amount of the credit is
38 determined under subsection (e), except that the household income
39 is substituted for the qualifying individual's adjusted gross income.

40 (g) A qualifying individual or a qualifying individual and the
41 qualifying individual's spouse who desire to claim the credit
42 provided by this section must file a certified statement in duplicate,
43 on forms prescribed by the department of local government
44 finance, with the auditor of the county in which the qualifying
45 homestead is located. With respect to real property, the statement
46 must be filed after January 1 and before June 11 of the year before

the year for which the qualifying individual or the qualifying individual and the qualifying individual's spouse wish to obtain the credit under this section. For a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed after January 1 and before March 2 of the year for which the qualifying individual or the qualifying individual and the qualifying individual's spouse wish to obtain the credit under this section. The statement must contain the following information:

(1) The full name or names and complete address of the qualifying individual or the qualifying individual and the qualifying individual's spouse.

(2) A description of the qualifying homestead.

(3) The amount of:

(A) the qualifying individual's adjusted gross income referred to in subsection (e)(2); or

(B) if subsection (f) applies, the household income referred to in subsection (f) of the qualifying individual and the qualifying individual's spouse.

(4) The name of any other county and township in which the qualifying individual or the qualifying individual's spouse owns or is buying on contract:

(A) real property; or

(B) a:

(i) mobile home; or

(ii) manufactured home;

that is not assessed as real property.

(5) The record number and page where the contract or memorandum of the contract is recorded if the qualifying homestead is under contract purchase.

(6) Proof of net worth as of the date specified in subsection (a)(9)(C):

(A) in a form determined by the department of local government finance; and

(B) including:

(i) income tax returns or other evidence detailing gross income; and

(ii) other documentation as determined by the department of local government finance.

(7) Any other information required by the department of local government finance.

(h) The auditor of a county with whom a statement is filed under subsection (g) shall immediately prepare and transmit a copy of the statement to the auditor of any other county if the qualifying individual who claims the credit or the qualifying individual's spouse owns or is buying property located in the other county as

described in subsection (g)(4). The auditor of the other county described in subsection (g)(4) shall note on the copy of the statement whether a credit has been claimed under this section for a qualifying homestead located in the auditor's county. The auditor shall then return the copy to the auditor of the first county.

(i) Subject to subsection (j), if a proper certified credit statement is filed under subsection (g), the county auditor shall allow the credit and shall apply the credit equally against each installment of property taxes. The county auditor shall include the amount of the credit applied against each installment of property taxes on the tax statement required under IC 6-1.1-22-8.

(j) If the qualifying homestead qualifies for the credit under IC 6-1.1-20.6 and a statement to claim the credit under this section is filed under subsection (g), the county auditor shall:

(1) determine from the individual who filed the statement whether the individual elects to have applied:

(A) the credit under this section; or

(B) the credit under IC 6-1.1-20.6; and

(2) apply only the credit elected by that individual as determined under subdivision (1).

(k) If an individual knowingly or intentionally files a false statement under this section, the individual must pay the amount of any credit the individual received because of the false statement, plus interest at the rate of ten percent (10%) per year, to the county auditor for distribution to the taxing units of the county in the same proportion that property taxes are distributed.

SECTION 13. IC 6-1.1-21-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. (a) Notwithstanding IC 6-1.1-26, any taxpayer who is entitled to a credit under this chapter or who has properly filed for and is entitled to a credit under IC 6-1.1-20.9, and who, without taking the credit, pays in full the taxes to which the credit applies, is entitled to a refund, without interest, of an amount equal to the amount of the credit. However, if the taxpayer, at the time a refund is claimed, owes any other taxes, interest, or penalties payable to the county treasurer to whom the taxes subject to the credit were paid, then the credit shall be first applied in full or partial payment of the other taxes, interest, and penalties and the balance, if any, remaining after that application is available as a refund to the taxpayer.

(b) Any taxpayer entitled to a refund under this section **other than a refund based on the credit under section 5.8 of this chapter** shall be paid that refund from proceeds of the property tax replacement fund. However, with respect to any refund attributable to a homestead credit, the refund shall be paid from that fund only to the extent that the percentage homestead credit the taxpayer was entitled to receive for a year does not exceed the percentage credit allowed in IC 6-1.1-20.9-2(d) for that same year. Any refund in excess of that

1 amount shall be paid from the county's revenue distributions received
2 under IC 6-3.5-6.

3 (c) The state board of accounts shall establish an appropriate
4 procedure to simplify and expedite the method for claiming these
5 refunds and for the payments thereof, as provided for in this section,
6 which procedure is the exclusive procedure for the processing of the
7 refunds. The procedure shall, however, require the filing of claims for
8 the refunds by not later than June 1 of the year following the payment
9 of the taxes to which the credit applied."

10 Page 17, between lines 38 and 39, begin a new paragraph and insert:

11 "SECTION 25. IC 6-1.1-42-22 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 22. (a) The designating
13 body shall determine whether to approve a deduction.

14 (b) A designating body may not grant a deduction for a facility
15 described in IC 6-1.1-12.1-3(e).

16 (c) A property owner may not receive a deduction under this chapter
17 for repairs or improvements to real property if the owner receives:

18 (1) a deduction under ~~either~~ IC 6-1.1-12.1, IC 6-1.1-12-18,
19 IC 6-1.1-12-22, or IC 6-1.1-12-28.5; **or**

20 **(2) a credit under IC 6-1.1-47;**

21 for the same property.

22 (d) A designating body may approve a deduction only if the
23 following findings are made in the affirmative:

24 (1) The applicant:

25 (A) has never had an ownership interest in an entity that
26 contributed; and

27 (B) has not contributed;

28 a contaminant (as defined in IC 13-11-2-42) that is the subject of
29 the voluntary remediation, as determined under the written
30 standards adopted by the department of environmental
31 management.

32 (2) The proposed improvement or property will be located in a
33 zone.

34 (3) The estimate of the value of the remediation and
35 redevelopment is reasonable for projects of that nature.

36 (4) The estimate of the number of individuals who will be
37 employed or whose employment will be retained can be
38 reasonably expected to result from the proposed described
39 remediation and redevelopment.

40 (5) The estimate of the annual salaries of those individuals who
41 will be employed or whose employment will be retained can be
42 reasonably expected to result from the proposed described
43 remediation and redevelopment.

44 (6) Any other benefits about which information was requested are
45 benefits that can be reasonably expected to result from the
46 proposed described remediation and redevelopment.

47 (7) The totality of benefits is sufficient to justify the deduction.

SECTION 26. IC 6-1.1-47 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]:

Chapter 47. Historic Rehabilitation Property Tax Credit

Sec. 1. The definitions in IC 6-3.1-16 and IC 6-3.1-22 apply throughout this section.

Sec. 2. (a) A county fiscal body may adopt an ordinance to authorize the application of the credit under this chapter against an owner's property tax liability that is attributable to increases in assessed valuation of the owner's historic property resulting from the rehabilitation of the historic property.

(b) An ordinance adopted under this section must specify the first assessment date for which an increase in the assessed valuation of an historic property resulting from rehabilitation becomes eligible for a credit under this chapter.

Sec. 3. An ordinance adopted under section 2 of this chapter authorizes the credit for:

(1) the first calendar year that the owner's property tax liability is determined using an increase in the historic property's assessed valuation resulting from the rehabilitation of the historic property; and

(2) the four (4) succeeding calendar years during the five (5) year period referred to in section 5 of this chapter.

Sec. 4. Subject to section 11 of this chapter and IC 6-1.1-12-25, if:

(1) the assessed valuation of historic property is increased:

(A) as a result of rehabilitation; and

(B) as of an assessment date to which an ordinance adopted under section 2 of this chapter applies; and

(2) the owner is eligible for a historic rehabilitation credit under IC 6-3.1-16 or IC 6-3.1-22 against the owner's state tax liability based on the rehabilitation;

the owner is entitled to a credit against the owner's property tax liability attributable to the property. The amount of the credit to which the owner is entitled is determined under section 5 of this chapter.

Sec. 5. (a) Subject to subsection (b), the amount of the credit equals one hundred percent (100%) of the owner's property tax liability that is attributable to the increase in assessed valuation resulting from the rehabilitation. The owner is entitled to this credit annually for a five (5) year period. The first year of that period is the first year that the rehabilitation results in an increase in the owner's property tax liability attributable to the historic property. If the rehabilitation results in increases in the property tax liability attributable to the historic property in more than one (1) year, each annual increase may qualify separately for the credit.

(b) If:

(1) a general reassessment of real property under IC 6-1.1-4-4 or an adjustment under IC 6-1.1-4-4.5 occurs within the period of the credit; or

(2) an appeal of an assessment is approved that results in a change in the assessed valuation of the historic property;

the amount of the credit shall be adjusted to reflect the resulting percentage increase or decrease in the assessed valuation of the historic property and its corresponding effect on the property tax liability attributable to the historic property.

Sec. 6. The credit reduces the amount of historic rehabilitation credit to which the owner is entitled under IC 6-3.1-16-7 or IC 6-3.1-22-8. This credit shall be applied before the homestead credit provided under IC 6-1.1-20.9 and the property tax replacement credit provided under IC 6-1.1-21.

Sec. 7. A property owner who desires to obtain the credit must file a certified credit application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. The statement must be filed during the twelve (12) months before June 11 of the year prior to the first year for which the person wishes to obtain the credit for the historic property.

Sec. 8. The application required by section 7 of this chapter must contain the following information:

(1) The name of the property owner.

(2) A description of the property for which a credit is claimed in sufficient detail to afford identification.

(3) The certifications required:

(A) under IC 6-3.1-16-8 to obtain the credit under IC 6-3.1-16; or

(B) under IC 6-3.1-22-9 to obtain the credit under IC 6-3.1-22.

(4) A description of the rehabilitation of the historic property.

(5) Evidence of the cost of the rehabilitation of the historic property.

(6) The assessed valuation of the improvements on the historic property before the rehabilitation.

(7) The increase in the assessed valuation of improvements resulting from the rehabilitation.

Sec. 9. A credit application filed under section 7 of this chapter applies for the entire period under section 5 of this chapter that the owner is entitled to a credit under this chapter without a requirement for any additional application.

Sec. 10. On verification of the correctness of an application by

1 the assessor of the township in which the property is located, the
 2 county auditor shall make the credit in the amount determined
 3 under section 5 of this chapter.

4 **Sec. 11. If the conditions for the recapture of a credit under**
 5 **IC 6-3.1-16-12 or IC 6-3.1- 22-13 are met, the property owner shall**
 6 **pay to the county treasurer for each year the credit was in effect**
 7 **the amount of additional property taxes for which the property**
 8 **owner would have been liable if the credit had not been in effect.**
 9 **The county treasurer shall distribute money paid under this section**
 10 **proportionately to the general fund of each taxing unit in which the**
 11 **property that was subject to the credit is located based on the**
 12 **property tax rates of the units.**

13 **Sec. 12 (a) The application of the credit under this chapter**
 14 **results in a reduction of the property tax collections of each**
 15 **political subdivision in which the credit is applied. A political**
 16 **subdivision may not increase its property tax levy to make up for**
 17 **that reduction.**

18 **(b) The county auditor shall in each calendar year notify each**
 19 **political subdivision in which the credit under this chapter is**
 20 **applied of the reduction referred to in subsection (a) for the**
 21 **political subdivision for that year.**

22 **Sec. 13. The department of local government finance may adopt**
 23 **rules under IC 4-22-2 to implement this section.**

24 **SECTION 27. IC 6-3.1-16-7 IS AMENDED TO READ AS**
 25 **FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. (a) Subject to section**
 26 **14 of this chapter and except as provided in subsection (d), a**
 27 **taxpayer is entitled to a credit against the taxpayer's state tax liability**
 28 **in the taxable year in which the taxpayer completes the preservation or**
 29 **rehabilitation of historic property and obtains the certifications required**
 30 **under section 8 of this chapter.**

31 **(b) Except as provided in subsection (d), the amount of the credit**
 32 **is equal to twenty percent (20%) of the qualified expenditures that:**

- 33 (1) the taxpayer makes for the preservation or rehabilitation of
- 34 historic property; and
- 35 (2) are approved by the division.

36 **(c) In the case of a husband and wife who:**

- 37 (1) own and rehabilitate a historic property jointly; and
- 38 (2) file separate tax returns;

39 the husband and wife may take the credit in equal shares or one (1)
 40 spouse may take the whole credit.

41 **(d) The amount of the credit for a taxable year is reduced by the**
 42 **amount by which the taxpayer's property tax liability is reduced**
 43 **for taxes first due and payable in the taxable year as the result of**
 44 **the application of the credit under IC 6-1.1-47.**

45 **SECTION 28. IC 6-3.1-16-10 IS AMENDED TO READ AS**
 46 **FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 10. To obtain a credit**
 47 **under this chapter, a taxpayer must claim the credit on the taxpayer's**

annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue:

- (1) the certifications by the division required under section 8 of this chapter;
- (2) **a statement whether the taxpayer claimed a property tax credit based on the rehabilitation under IC 6-1.1-47 that resulted in a reduction of the taxpayer's liability for property taxes first due and payable in the taxable year for which the credit is claimed;**
- (3) **if the taxpayer's property tax liability was reduced as described in subdivision (2), the amount of the reduction for property taxes first due and payable in the taxable year for which the credit is claimed;** and
- (4) all **other** information that the department of state revenue determines is necessary for the calculation of the credit provided by this chapter.

SECTION 29. IC 6-3.1-22-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 8. (a) Subject to section 14 of this chapter **and except as provided in subsection (d)**, a taxpayer is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the taxpayer completes the preservation or rehabilitation of historic property and obtains the certifications required under section 9 of this chapter.

(b) The amount of the credit is equal to twenty percent (20%) of the qualified expenditures that:

- (1) the taxpayer makes for the preservation or rehabilitation of historic property; and
- (2) are approved by the division.

(c) In the case of a husband and wife who:

- (1) own and rehabilitate a historic property jointly; and
- (2) file separate tax returns;

the husband and wife may take the credit in equal shares or one (1) spouse may take the whole credit.

(d) The amount of the credit for a taxable year is reduced by the amount by which the taxpayer's property tax liability is reduced for taxes first due and payable in the taxable year as the result of the application of the credit under IC 6-1.1-47.

SECTION 30. IC 6-3.1-22-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 11. To obtain a credit under this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue:

- (1) the certifications by the division required under section 9 of this chapter;
- (2) **a statement whether the taxpayer claimed a property tax**

credit based on the rehabilitation under IC 6-1.1-47 that resulted in a reduction of the taxpayer's liability for property taxes first due and payable in the taxable year for which the credit is claimed;

(3) if the taxpayer's property tax liability was reduced as described in subdivision (2), the amount of the reduction for property taxes first due and payable in the taxable year for which the credit is claimed; and

(4) all other information that the department of state revenue determines is necessary for the calculation of the credit provided by this chapter."

Page 20, line 13, delete "IC 6-1.1-37-10.7," and insert "IC 6-1.1-21-5.8 and IC 6-1.1-37-10.7, both".

Page 20, line 14, delete "applies" and insert "apply".

Page 20, between lines 15 and 16, begin a new paragraph and insert: "SECTION 39. [EFFECTIVE JULY 1, 2006] (a) IC 6-1.1-47, as added by this act, and IC 6-1.1-12-18, IC 6-1.1-12-22, and IC 6-1.1-12-25, all as amended by this act, apply only to property taxes first due and payable after December 31, 2006.

(b) The credit under IC 6-1.1-47, as added by this act, applies regardless of whether the rehabilitation for which the deduction is claimed occurred before July 1, 2006.

SECTION 40. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION:

(1) "assessment date" has the meaning set forth in IC 6-1.1-1-2; and

(2) "rehabilitation" has the meaning set forth in:

(A) IC 6-1.1-12-18(b), as amended by this act; and

(B) IC 6-1.1-12-22(c), as amended by this act.

(b) For property taxes first due and payable after December 31, 2006, a property owner may file an application before July 1, 2006, for a deduction:

(1) under:

(A) IC 6-1.1-12-19(b)(2), as amended by this act; or

(B) IC 6-1.1-12-23(b)(2), as amended by this act; or

(2) first applicable to the assessment date in 2006 under:

(A) IC 6-1.1-12-20, as amended by this act; or

(B) IC 6-1.1-12-24, as amended by this act;

based on rehabilitation completed after March 1, 2005, and before March 2, 2006.

(c) This SECTION expires January 1, 2007.

SECTION 41. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION:

(1) "assessment date" has the meaning set forth in IC 6-1.1-1-2; and

(2) "rehabilitation" has the meaning set forth in IC 6-3.1-22-5.

1 **(b) For property taxes first due and payable after December 31,**
2 **2006, a property owner may file an application before July 1, 2006,**
3 **for a credit under IC 6-1.1-47, as added by this act, first applicable**
4 **to the assessment date in 2006 based on rehabilitation completed**
5 **after March 1, 2005, and before March 2, 2006.**

6 **(c) This SECTION expires January 1, 2007."**

7 Renumber all SECTIONS consecutively.

(Reference is to ESB 355 as printed February 22, 2006.)

Representative Orentlicher